

ORIGINAL



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October 25, 1999

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

RE: Docket No. 990001-EI

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of the Public Counsel's Prehearing Statement in the above-referenced docket.

Also enclosed is a 3.5 inch diskette containing the Prehearing Statement in WordPerfect for Windows 6.1. Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

*Stephen C. Burgess*  
Stephen C. Burgess  
Deputy Public Counsel

cc: Vandiver  
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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power )  
Cost Recovery Clause with )  
Generating Performance Incentive )  
Factor. )  
\_\_\_\_\_ )

Docket No. 990001-EI  
Filed: October 25, 1999

PREHEARING STATEMENT

The Citizens of the State of Florida, through their attorney, the Public Counsel, hereby file this Prehearing Statement to identify all of the issues of which the Citizens are aware.

APPEARANCES:

STEPHEN C. BURGESS, Esquire  
Deputy Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida

A. WITNESSES:

David E. Dismukes  
6455 Overton Street  
Baton Rouge, LA 70808

B. EXHIBITS:

None.

C. STATEMENT OF BASIC POSITION

None necessary.

DOCUMENT FILED DATE

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FILED AT TALLAHASSEE, FLORIDA

## D. STATEMENT OF FACTUAL ISSUES AND POSITIONS

### Generic Fuel Adjustment Issues

- ISSUE 1:** What are the appropriate fuel adjustment true-up amounts for the period ending April, 1998 through December, 1998?
- OPC:** No position pending the evidence adduced at hearing.
- ISSUE 2:** What are the appropriate estimated fuel adjustment true-up amounts for the period January, 1999 through December, 1999?
- OPC:** This is a fall-out issue. No position pending evidence adduced at hearing.
- ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2000 to December, 2000?
- OPC:** This is a fall-out issue. No position pending evidence adduced at hearing.
- ISSUE 4:** What are the appropriate levelized fuel cost recovery factors for the period January, 2000 to December, 2000?
- OPC:** This is a fall-out issue. No position pending evidence adduced at hearing.
- ISSUE 5:** What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?
- OPC:** No position at this time.
- ISSUE 6:** What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?
- OPC:** No position.
- ISSUE 7:** What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?
- OPC:** No position pending evidence adduced at hearing.

**ISSUE 8:** What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of January, 2000 to December, 2000?

**OPC:** No position at this time.

**ISSUE 9:** What is the appropriate regulatory treatment for transmission revenue received from non-separated wholesale energy sales not made through the Energy Broker Network (EBN)?

**OPC:** It should be treated the same as sales made through the EBN

**ISSUE 10:** What is the appropriate regulatory treatment for the generation-related gain on non-separated wholesale energy sales not made through the EBN?

**OPC:** The entire gain should be passed through as a revenue credit.

**ISSUE 11:** Should the Commission eliminate the 20 percent shareholder incentive set forth in Order No. 12923, issued January 24, 1984, in Docket No. 830001-EU-B?

**OPC:** Yes.

**ISSUE 12:** If the Commission should decide to maintain the 20 percent shareholder incentive set forth in Order No. 12923, issued January 24, 1984, in Docket No. 830001-EU-B, what types of economy energy sales should be eligible for the 20 percent shareholder incentive?

**OPC:** Only those sales going through the EBN

**ISSUE 13:** When should the utilities subject to the Commission's fuel and purchased power cost recovery clause submit their projection filings and testimonies to set their 2001 levelized fuel and capacity cost factors?

**OPC:** No position at this time.

### **Company-Specific Fuel Adjustment Issues**

#### **Florida Power & Light Company**

**ISSUE 14A:** Should the Commission allow Florida Power & Light Company (FPL) to amortize the cost of its nuclear units' "last core" of nuclear fuel over the

remaining life of each plant and recover those costs in the fuel and purchased power cost recovery clause?

**OPC:** No. This suggested treatment is untimely and is a base rate issue.

**ISSUE 14B:** What is the appropriate fuel price forecast for fuel oil and natural gas when determining FPL's appropriate levelized fuel cost recovery factor for the period January, 2000 to December, 2000?

**OPC:** No position at this time.

**ISSUE 14C:** Should the Commission allow FPL to recover, through the fuel and purchased power cost recovery clause, its payment to Cedar Bay which resulted from the circuit court's resolution of a contract dispute over the energy pricing provision of a QF contract between the two parties?

**OPC:** This issue should not be addressed by the PSC at this time in this forum.

#### **Florida Power Corporation**

**ISSUE 15A:** Has Florida Power Corporation confirmed the validity of the methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1998?

**OPC:** No position at this time.

**ISSUE 15B:** Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

**OPC:** No position at this time.

**ISSUE 15C:** Has Florida Power Corporation properly calculated the 1998 price for waterborne transportation services provided by Electric Fuels Corporation?

**OPC:** No position at this time.

**ISSUE 15D:** Should the Commission allow Florida Power to recover the cost of purchasing 18,000 tons of SO<sub>2</sub> emission allowances in the year 2000 through the fuel and purchased power cost recovery clauses?

**OPC:** No position at this time.

**ISSUE 15E:** Should the Commission allow Florida Power to recover the payment made to Lake Cogen, Ltd. as ordered by a final judgment entered in a lawsuit brought against Florida Power by Lake Cogen, Ltd. regarding a dispute over the energy pricing provision of a negotiated QF contract between the two parties?

**OPC:** This issue should not be addressed by the PSC at this time in this forum.

#### **Gulf Power Company**

**ISSUE 16A:** Is Gulf Power's proposal to burn low sulfur coal in its Smith Units 1 and 2 the most cost effective strategy to comply with Phase II of the 1990 Amendment to the Clean Air Act?

**OPC:** No position pending evidence adduced at hearing.

**ISSUE 16B:** Is Gulf Power's proposal to burn bituminous coal at its Plant Daniel the most cost effective strategy to increase Gulf Power's capacity resources by 52 MW?

**OPC:** No position pending evidence adduced at hearing.

#### **Tampa Electric Company**

**ISSUE 17A:** What is the appropriate 1998 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

**OPC:** No position at this time.

**ISSUE 17B:** Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1998 benchmark price?

**OPC:** No.

**ISSUE 17C:** What is the appropriate 1998 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

**OPC:** No position at this time.

**ISSUE 17D:** Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 1998 waterborne transportation benchmark price?

**OPC:** No.

**ISSUE 17E:** Should the Commission allow the incremental costs of replacement fuel and purchased power costs associated with the explosion that occurred at Gannon Unit 6 on April 9, 1999 to be recovered?

**OPC:** No.

**ISSUE 17F:** What is the appropriate true-up amount for the temporary base rate reduction as approved in Order No. PSC-96-1300-S-EI, in Docket No. 960409-EI, issued October 24, 1996?

**OPC:** No position at this time.

**ISSUE 17G:** What is the appropriate regulatory treatment for the true-up amount for the temporary base rate reduction as approved in Order No. PSC-96-1300-S-EI, in Docket No. 960409-EI, issued October 24, 1996?

**OPC:** No position at this time.

**ISSUE 17H:** Are the energy costs associated with five purchased power agreements between Tampa Electric Company and Okeelanta Corporation, Farmland Hydro, Auburndale Power Partners, and Hardee Power Partners Limited prudent and appropriate for recovery through the fuel and purchased power cost recovery clause?

**OPC:** No position at this time.

**ISSUE 17I:** Are the costs associated with accelerating the commercial in-service date of Polk Unit 2, Tampa Electric Company's next generation unit, from January, 2001 to October, 2000 prudent?

**OPC:** Any such costs should not be passed through the fuel clause.

**ISSUE 17J:** Should the Commission approve Tampa Electric Company's proposed regulatory treatment for its wholesale power supply agreement with Florida Municipal Power Agency for January 1, 2000 through March 15, 2001?

**OPC:** No.

**ISSUE 17K:** How should Tampa Electric Company implement the \$11,226,598 combined refund as ordered by the Commission in Order No. PSC-99-1940-PAE-EI in Docket No. 950379-EI, issued October 1, 1999 and by the Commission's decision at the September 7, 1999 agenda?

**OPC:** No position at this time.

#### **Generic Generating Performance Incentive Factor Issues**

**ISSUE 18A:** What is the appropriate GPIF reward or penalty for performance achieved by Florida Power & Light Company during the period October, 1997 through September, 1998?

**OPC:** No position at this time.

**ISSUE 18B:** What is the appropriate GPIF reward or penalty for performance achieved by Florida Power Corporation, Tampa Electric Company, and Gulf Power Company during the period April, 1998 through September, 1998?

**OPC:** No position at this time.

**ISSUE 18C:** What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1998 through December, 1998?

**OPC:** No position at this time.

**ISSUE 19:** What should the GPIF targets/ranges be for the period January, 2000 through December, 2000?

**OPC:** No position at this time.

#### **Company-Specific Generating Performance Incentive Factor Issues**

##### **Gulf Power Company**

**ISSUE 20:** Should Gulf Power include a new Btu per pound independent variable in the Plant Daniel target heat rate equations?

**OPC:** No position at this time.



### Generic Capacity Cost Recovery Factor Issues

**ISSUE 21:** What is the appropriate final capacity cost recovery true-up amount for Florida Power & Light Company and Gulf Power Company for the period October, 1997 through December, 1998?

**OPC:** No position at this time.

**ISSUE 22:** What is the appropriate final capacity cost recovery true-up amount for Florida Power Corporation and Tampa Electric Company for the period April, 1998 through December, 1998?

**OPC:** No position at this time.

**ISSUE 23:** What is the appropriate estimated capacity cost recovery true-up amount for the period January, 1999 through December, 1999?

**OPC:** No position at this time.

**ISSUE 24:** What is the appropriate total capacity cost recovery true-up amount to be collected/refunded during the period January, 2000 through December, 2000?

**OPC:** No position at this time.

**ISSUE 25:** What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period January, 2000 through December, 2000?

**OPC:** No position at this time.

**ISSUE 26:** What are the projected capacity cost recovery factors for the period January, 2000 through December, 2000?

**OPC:** No position at this time.

### Company-Specific Capacity Cost Recovery Clause Issues

#### **Florida Power & Light Company**

**ISSUE 27:** Should the Commission allow FPL to recover, through the capacity cost recovery clause, its payment to Cedar Bay which resulted from the circuit court's resolution of a contract dispute over the capacity pricing provision of a QF contract between the two parties?

QPC: The Commission should not address this issue at this time in this forum.

**Tampa Electric Company**

ISSUE 28: Are the capacity costs associated with five purchased power agreements between Tampa Electric Company and Okeelanta Corporation, Farmland Hydro, Auburndale Power Partners, and Hardee Power Partners Limited prudent and appropriate for recovery through the capacity cost recovery clause?

QPC: No position at this time.

E. STATEMENT OF LEGAL ISSUES AND POSITIONS: None at this time

F. STATEMENT OF POLICY ISSUES AND POSITIONS: None at this time.


G. STIPULATED ISSUES: None.

H. PENDING MOTIONS: None.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:  
There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Respectfully submitted,

JACK SHREVE  
Public Counsel

  
\_\_\_\_\_  
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Attorneys for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE  
DOCKET NO. 990001-EI**

I HEREBY CERTIFY that a true and correct copy of the foregoing Public Counsel's Prehearing Statement has been furnished by U.S. Mail or hand-delivery (\*) on this 25th day of October, 1999, to the following:

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